



**OFFICE OF AUDITOR OF STATE**  
**STATE OF IOWA**

State Capitol Building  
Des Moines, Iowa 50319-0006  
Telephone (515) 281-5834 Facsimile (515) 281-6518

Rob Sand  
Auditor of State

**NEWS RELEASE**

FOR RELEASE

April 23, 2020

Contact: Marlys Gaston  
515/281-5834

Auditor of State Rob Sand today released an audit report on Poweshiek County, Iowa.

**FINANCIAL HIGHLIGHTS:**

The County's revenues totaled \$15,528,451 for the year ended June 30, 2019, a 1.4% decrease from the prior year. Expenses for County operations for the year ended June 30, 2019 totaled \$13,841,686, a less than 1% increase over the prior year.

**AUDIT FINDINGS:**

Sand reported three findings related to the receipt and expenditure of taxpayer funds. They are found on pages 74 through 77 of this report. The findings address a lack of segregation of duties in the County Sheriff's Office and lack of preparation of bank reconciliations for the Sheriff's Commissary and K9 accounts. Sand provided the County with recommendations to address each of these findings.

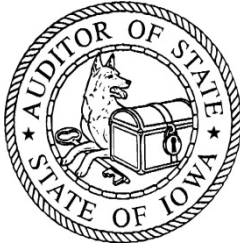
One of the findings discussed above is repeated from the prior year. The County Board of Supervisors and other elected officials have a fiduciary responsibility to provide oversight of the County's operations and financial transactions. Oversight is typically defined as the "watchful and responsible care" a governing body exercises in its fiduciary capacity.

A copy of the audit report is available for review on the Auditor of State's web site at <https://auditor.iowa.gov/audit-reports>.

###

**POWESHIEK COUNTY**  
**INDEPENDENT AUDITOR'S REPORTS**  
**BASIC FINANCIAL STATEMENTS**  
**AND SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF FINDINGS**  
**JUNE 30, 2019**

**Poweshiek County**



**OFFICE OF AUDITOR OF STATE**  
**STATE OF IOWA**

State Capitol Building  
Des Moines, Iowa 50319-0006

Telephone (515) 281-5834 Facsimile (515) 281-6518

Rob Sand  
Auditor of State

April 9, 2020

Officials of Poweshiek County  
Montezuma, Iowa

Dear Board Members:

I am pleased to submit to you the financial and compliance audit report for Poweshiek County for the year ended June 30, 2019. The audit was performed pursuant to Chapter 11.6 of the Code of Iowa and in accordance with U.S. auditing standards and the standards applicable to financial audits contained in Government Auditing Standards.

I appreciate the cooperation and courtesy extended by the officials and employees of Poweshiek County throughout the audit. If I or this office can be of any further assistance, please contact me or my staff at 515-281-5834.

Sincerely,

A handwritten signature in black ink, appearing to read "Rob Sand".

Rob Sand  
Auditor of State

## Table of Contents

	<u>Page</u>
Officials	4
Independent Auditor's Report	5-7
Management's Discussion and Analysis	8-14
Basic Financial Statements:	<u>Exhibit</u>
Government-wide Financial Statements:	
Statement of Net Position	A 16
Statement of Activities	B 17
Governmental Fund Financial Statements:	
Balance Sheet	C 18-19
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position	D 21
Statement of Revenues, Expenditures and Changes in Fund Balances	E 22-23
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds to the Statement of Activities	F 24
Proprietary Fund Financial Statements:	
Statement of Net Position	G 25
Statement of Revenues, Expenses and Changes in Fund Net Position	H 26
Statement of Cash Flows	I 27
Fiduciary Fund Financial Statement:	
Statement of Fiduciary Assets and Liabilities – Agency Funds	J 29
Notes to Financial Statements	30-50
Required Supplementary Information:	
Budgetary Comparison Schedule of Receipts, Disbursements and Changes in Balances – Budget and Actual (Cash Basis) – All Governmental Funds	52
Budget to GAAP Reconciliation	53
Notes to Required Supplementary Information – Budgetary Reporting	54
Schedule of the County's Proportionate Share of the Net Pension Liability	55
Schedule of County Contributions	56-57
Notes to Required Supplementary Information – Pension Liability	58
Schedule of Changes in the County's Total OPEB Liability, Related Ratios and Notes	59
Supplementary Information:	<u>Schedule</u>
Nonmajor Governmental Funds:	
Combining Balance Sheet	1 62-63
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	2 64-65
Agency Funds:	
Combining Schedule of Fiduciary Assets and Liabilities	3 66-67
Combining Schedule of Changes in Fiduciary Assets and Liabilities	4 68-69
Schedule of Revenues by Source and Expenditures by Function – All Governmental Funds	5 70-71

Table of Contents  
(continued)

	<u>Page</u>
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>	72-73
Schedule of Findings	74-77
Staff	78

**Poweshiek County**

**Officials**

**(Before January 2019)**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Larry Wilson	Board of Supervisors	Jan 2019
Trevor White	Board of Supervisors	Jan 2019
Diana Dawley	Board of Supervisors	Jan 2021
Melissa Eilander	County Auditor	Jan 2021
Sandy Ross	County Treasurer	Jan 2019
Dianna Longhenry	County Recorder	Jan 2019
Thomas Kriegel	County Sheriff	Jan 2021
Bart Klaver	County Attorney	Nov 2018
Amy Vermillion	County Assessor	Jan 2022

**(After January 2019)**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Diana Dawley	Board of Supervisors	Jan 2021
Merle Doty	Board of Supervisors	Jan 2023
Jason Roudabush	Board of Supervisors	Jan 2023
Melissa Eilander	County Auditor	Jan 2021
Sandy Ross	County Treasurer	Jan 2023
Dianna Longhenry	County Recorder	Jan 2023
Thomas Kriegel	County Sheriff	Jan 2021
Bart Klaver	County Attorney	Jan 2023
Amy Vermillion	County Assessor	Jan 2022



## OFFICE OF AUDITOR OF STATE STATE OF IOWA

Rob Sand  
Auditor of State

State Capitol Building  
Des Moines, Iowa 50319-0006

Telephone (515) 281-5834 Facsimile (515) 281-6518

### Independent Auditor's Report

To the Officials of Poweshiek County:

#### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Poweshiek County, Iowa, as of and for the year ended June 30, 2019, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements listed in the table of contents.

#### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the County's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.



## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Poweshiek County as of June 30, 2019, and the respective changes in its financial position and, where applicable, its cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

## Other Matters

### *Required Supplementary Information*

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the County's Proportionate Share of the Net Pension Liability, the Schedule of County Contributions and the Schedule of Changes in the County's Total OPEB Liability, Related Ratios and Notes on pages 8 through 14 and 52 through 59 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

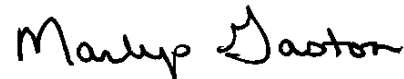
### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Poweshiek County's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2018 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 5, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated April 9, 2020 on our consideration of Poweshiek County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Poweshiek County's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Marlys K. Gaston". The signature is written in a cursive, flowing style.

Marlys K. Gaston, CPA  
Deputy Auditor of State

April 9, 2020

---

---

## MANAGEMENT'S DISCUSSION AND ANALYSIS

---

---

Poweshiek County provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2019. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

### 2019 FINANCIAL HIGHLIGHTS

- Revenues of the County's governmental activities decreased 1.4%, or approximately \$217,000, from fiscal year 2018 to fiscal year 2019. Charges for service decreased approximately \$126,000 due to less insurance reimbursements for group health claims, and capital grants, contributions and restricted interest decreased approximately \$549,000 due to fewer reimbursements received for secondary road projects and fewer capital assets contributed by the Iowa Department of Transportation. These decreases were partially offset by increases in local option sales tax and unrestricted investment earnings.
- Program expenses of the County's governmental activities increased 0.2%, or approximately \$26,000, from fiscal year 2018 to fiscal year 2019. Roads and transportation expenses increased approximately \$394,000 while administration expenses decreased approximately \$263,000.
- The County's net position at June 30, 2019 increased 5.4%, or approximately \$1,686,000, over the June 30, 2018 balance.

### USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the County's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Position and a Statement of Activities. These provide information about the activities of Poweshiek County as a whole and present an overall view of the County's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Poweshiek County's operations in more detail than the government-wide financial statements by providing information about the most significant funds. The remaining financial statements provide information about activities for which Poweshiek County acts solely as an agent or custodian for the benefit of those outside of County government (Agency Funds).

Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the County's budget for the year, the County's proportionate share of the net pension liability and related contributions, as well as presenting the Schedule of Changes in the County's Total OPEB Liability, Related Ratios and Notes.

Supplementary Information provides detailed information about the nonmajor governmental and the individual Agency Funds.

## **REPORTING THE COUNTY'S FINANCIAL ACTIVITIES**

### *Government-wide Financial Statements*

One of the most important questions asked about the County's finances is, "Is the County as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information which helps answer this question. These statements include all assets, deferred outflows of resources, liabilities and deferred inflows of resources using the accrual basis of accounting and the economic resources measurement focus, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account, regardless of when cash is received or paid.

The Statement of Net Position presents financial information on all of the County's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in the County's net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The Statement of Activities presents information showing how the County's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal years.

The County's governmental activities are presented in the Statement of Net Position and the Statement of Activities. Governmental activities include public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, interest on long-term debt and non-program activities. Property tax and state and federal grants finance most of these activities.

### *Fund Financial Statements*

The County has three kinds of funds:

- 1) Governmental funds account for most of the County's basic services. These focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. The governmental funds include: 1) the General Fund, 2) the Special Revenue Funds, such as Mental Health, Rural Services and Secondary Roads, 3) the Debt Service Fund and 4) the Capital Projects Fund. These funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund financial statements provide a detailed, short-term view of the County's general governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs.

The required financial statements for governmental funds include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances.

- 2) The proprietary fund accounts for the County's Internal Service, Employee Group Health Fund. Internal Service Funds are an accounting device used to accumulate and allocate costs internally among the County's various functions.

The required financial statements for proprietary funds include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position and a Statement of Cash Flows.

- 3) Fiduciary funds are used to report assets held in a trust or agency capacity for others which cannot be used to support the County's own programs. The fiduciary funds include Agency Funds that account for emergency management services and the County Assessor, to name a few.

The required financial statement for fiduciary funds is a Statement of Fiduciary Assets and Liabilities.

Reconciliations between the government-wide financial statements and the governmental fund financial statements follow the governmental fund financial statements.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of financial position. Poweshiek County's combined net position at the end of fiscal year 2019 totaled approximately \$32.7 million, compared to approximately \$31.0 million at the end of fiscal year 2018. The analysis that follows focuses on the changes in the net position of governmental activities.

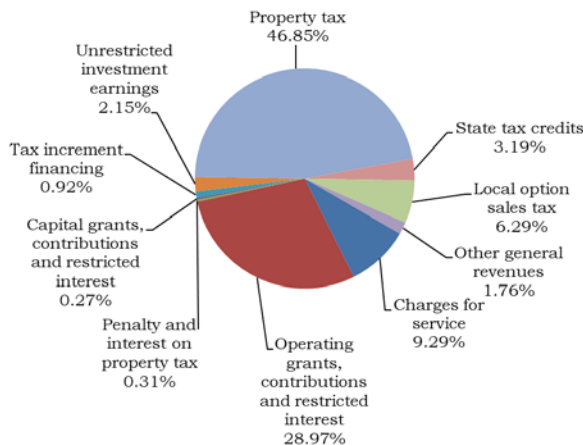
Net Position of Governmental Activities (Expressed in Thousands)		
	June 30,	
	2019	2018
Current and other assets	\$ 24,038	23,784
Capital assets	26,771	26,352
Total assets	50,809	50,136
Deferred outflows of resources	1,061	1,180
Long-term liabilities	9,274	10,672
Other liabilities	457	504
Total liabilities	9,731	11,176
Deferred inflows of resources	9,473	9,160
Net position:		
Net investment in capital assets	22,061	20,997
Restricted	8,680	8,684
Unrestricted	1,925	1,299
Total net position	\$ 32,666	30,980

Net position of Poweshiek County's governmental activities increased 5.4% (approximately \$32.7 million compared to approximately \$31.0 million). The largest portion of the County's net position is invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets. Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. Unrestricted net position – the part of net position which can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – increased from approximately \$1.3 million to approximately \$1.9 million at the end of this year, an increase of 48.2%. This increase is due primarily to a decrease in both the net pension and total OPEB liabilities from June 30, 2018 to June 30, 2019.

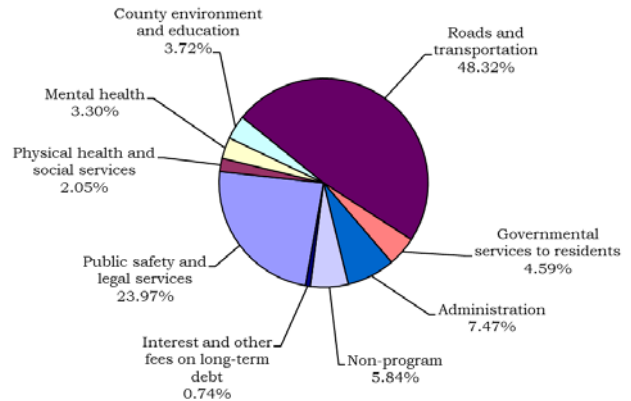
Changes in Net Position of Governmental Activities  
(Expressed in Thousands)

	Year ended June 30,	
	2019	2018
Revenues:		
Program revenues:		
Charges for service	\$ 1,442	1,568
Operating grants, contributions and restricted interest	4,499	4,422
Capital grants, contributions and restricted interest	42	591
General revenues:		
Property tax	7,274	7,292
Tax increment financing	143	123
Penalty and interest on property tax	48	47
State tax credits	496	481
Local option sales tax	976	859
Unrestricted investment earnings	334	178
Other general revenues	274	184
Total revenues	15,528	15,745
Program expenses:		
Public safety and legal services	3,318	3,301
Physical health and social services	284	330
Mental health	457	417
County environment and education	515	580
Roads and transportation	6,688	6,294
Governmental services to residents	636	665
Administration	1,034	1,297
Non-program	808	822
Interest and other fees on long-term debt	102	110
Total expenses	13,842	13,816
Change in net position	1,686	1,929
Net position beginning of year	30,980	29,051
Net position end of year	\$ 32,666	30,980

**Revenues by Source**



**Expenses by Program**



The County levied property tax rate went from \$8.11396 to \$8.09694 per \$1,000 of taxable valuation for fiscal year 2019, a decrease of 0.2%. Countywide taxable valuations in Poweshiek County have changed as follows: \$1,075,783,052 in fiscal year 2017 to \$1,133,107,664 in fiscal year 2018 to \$1,129,290,598 in fiscal year 2019. Rural taxable valuations in the County have changed as follows: \$717,928,118 in fiscal year 2017 to \$743,721,021 in fiscal year 2018 to \$755,060,432 in fiscal year 2019. Based on the changes in the taxable valuations and decreases in the fiscal year 2019 levied property tax rates, property tax revenue was budgeted to increase approximately \$8,000 for fiscal year 2019.

The cost of all governmental activities was comparable to last year at approximately \$13.8 million. However, as shown in the Statement of Activities on page 17, the amount taxpayers ultimately financed for these activities was approximately \$7.9 million because some of the cost was paid by those directly benefiting from the programs or by other governments and organizations which subsidized certain programs with grants and contributions.

### **INDIVIDUAL MAJOR FUND ANALYSIS**

As Poweshiek County completed the year, its governmental funds reported a combined fund balance of approximately \$12.6 million, an increase of approximately \$444,000 over last year's total of approximately \$12.1 million. The following are the major reasons for the changes in fund balances of the major funds from the prior year:

- General Fund revenues increased approximately \$544,000 over the prior year. Expenditures increased approximately \$21,000 compared to the prior year. The ending fund balance increased approximately \$586,000 over the prior year to approximately \$4,055,000
- Special Revenue, Mental Health Fund revenues decreased approximately \$3,000 from the prior year and expenditures increased approximately \$41,000 compared to the prior year. The Mental Health Fund balance at year end decreased approximately \$40,000 from the prior year to approximately \$306,000.
- Special Revenue, Rural Services Fund revenues increased approximately \$6,000 over the prior year. Expenditures and transfers out increased approximately \$129,000. The Rural Services Fund ending fund balance increased approximately \$74,000 over the prior year to approximately \$995,000.
- Special Revenue, Secondary Roads Fund revenues decreased approximately \$48,000 compared to the prior year. Expenditures increased approximately \$1,146,000, primarily due to more equipment purchases. The Secondary Roads Fund ending fund balance decreased approximately \$433,000 from the prior year to approximately \$3,729,000.
- Debt Service Fund revenues decreased approximately \$4,000 compared to the prior year. Expenditures increased \$3,000 over the prior year. The ending fund balance increased approximately \$6,000 over the prior year to approximately \$96,000.

### **BUDGETARY HIGHLIGHTS**

Over the course of the year, Poweshiek County amended its budget two times. The first amendment was made in February 2019 and resulted in an increase in budgeted disbursements covering five different functions. The second amendment was made in May 2019 and resulted in an increase in the budgeted disbursements in six functions.

The County's receipts were approximately \$786,000 less than budgeted, a variance of 4.9%. Total disbursements were \$3,899,160 less than the amended budget. Actual disbursements for the capital projects and roads and transportation functions were approximately \$2,514,000 and \$517,000, respectively, less than budgeted due to secondary road projects not being completed during the year.

## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

### **Capital Assets**

At June 30, 2019, Poweshiek County had approximately \$26.8 million invested in a broad range of capital assets, including public safety equipment, buildings, park facilities, roads and bridges. This is a net increase (including additions and deletions) of approximately \$419,000 over last year.

Capital Assets of Governmental Activities at Year End (Expressed in Thousands)		
	June 30,	
	2019	2018
Land	\$ 2,030	2,030
Construction in progress	6	503
Buildings and improvements	7,474	7,414
Equipment and vehicles	2,763	1,891
Infrastructure	14,498	14,514
Total	\$ 26,771	26,352

The County had depreciation expense of approximately \$1,332,000 for fiscal year 2019 and total accumulated depreciation of approximately \$14,494,000 at June 30, 2019. More detailed information about the County's capital assets is presented in Note 4 to the financial statements.

### **Long-Term Debt**

At June 30, 2019, Poweshiek County had \$4,710,000 of long-term debt outstanding, compared to \$5,355,000 at June 30, 2018.

Outstanding Debt of Governmental Activities at Year End (Expressed in Thousands)		
	June 30,	
	2019	2018
General obligation refunding bonds	\$ 4,190	4,705
General obligation urban renewal notes	520	650
Total	\$ 4,710	5,355

Debt decreased as a result of the County making scheduled principal payments on both the general obligation refunding bonds and the general obligation urban renewal notes. During the year, principal payments totaled \$645,000.



The County carries a general obligation bond rating of Aa3 assigned by national rating agencies. The Constitution of the State of Iowa limits the amount of general obligation debt counties can issue to 5% of the assessed value of all taxable property within the County's corporate limits. The County's outstanding general obligation debt of \$4,710,000 is significantly below its constitutional debt limit of approximately \$105 million. Additional information about the County's long-term debt is presented in Note 6 to the financial statements.

#### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

Poweshiek County's elected and appointed officials considered many factors when setting the fiscal year 2020 budget, tax rates and fees charged for various county activities. The Poweshiek County Board of Supervisors is committed to limiting disbursement increases and reducing funding to non-mandated programs to provide services for the citizens of Poweshiek County. The fiscal year 2020 total property tax rate is \$7.94739 per \$1,000 of taxable valuation, a decrease of \$0.14955 per \$1,000 of taxable valuation from fiscal year 2019. The fiscal year 2020 General Fund ending fund balance is expected to be approximately \$2,995,000.

#### **CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of Poweshiek County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Poweshiek County Auditor's Office, 302 E Main Street, Montezuma, Iowa 50171-0057.

## **Basic Financial Statements**

Poweshiek County  
Statement of Net Position  
June 30, 2019

	Governmental Activities
<b>Assets</b>	
Cash, cash equivalents and pooled investments	\$ 15,278,198
Receivables:	
Property tax:	
Delinquent	938
Succeeding year	7,414,000
Tax increment financing succeeding year	120,000
Penalty and interest on property tax	2,932
Accounts	5,077
Accrued interest	50,966
Due from other governments	660,606
Inventories	420,295
Prepaid insurance	85,288
Capital assets, net of accumulated depreciation	<u>26,770,642</u>
<b>Total assets</b>	<u>50,808,942</u>
<b>Deferred Outflows of Resources</b>	
Pension related deferred outflows	995,066
OPEB related deferred outflows	<u>65,998</u>
<b>Total deferred outflows of resources</b>	<u>1,061,064</u>
<b>Liabilities</b>	
Accounts payable	369,462
Salaries and benefits payable	76,308
Due to other governments	3,017
Accrued interest payable	7,810
Long-term liabilities:	
Portion due or payable within one year:	
General obligation notes and bonds	650,000
Compensated absences	224,441
Portion due or payable after one year:	
General obligation notes and bonds	4,060,000
Compensated absences	66,665
Landfill postclosure care	180,000
Net pension liability	2,455,202
Total OPEB liability	<u>1,637,439</u>
<b>Total liabilities</b>	<u>9,730,344</u>
<b>Deferred Inflows of Resources</b>	
Unavailable revenue:	
Property tax	7,414,000
Tax increment financing	120,000
Pension related deferred inflows	432,795
OPEB related deferred inflows	<u>1,506,192</u>
<b>Total deferred inflows of resources</b>	<u>9,472,987</u>
<b>Net Position</b>	
Net investment in capital assets	22,060,642
Restricted for:	
Supplemental levy purposes	482,184
Mental health purposes	300,718
Rural services purposes	926,047
Secondary roads purposes	3,595,238
Conservation land acquisition	68,760
Landfill postclosure care	1,423,731
Debt service	148,731
Capital improvements	1,510,895
Other purposes	224,452
Unrestricted	<u>1,925,277</u>
<b>Total net position</b>	<u>\$ 32,666,675</u>

See notes to financial statements.

Poweshiek County  
Statement of Activities  
Year ended June 30, 2019

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	
<b>Functions/Programs:</b>					
Governmental activities:					
Public safety and legal services	\$ 3,318,228	183,766	346,921	-	(2,787,541)
Physical health and social services	284,148	25,990	63,104	-	(195,054)
Mental health	456,640	55	-	-	(456,585)
County environment and education	514,668	155,537	27,421	-	(331,710)
Roads and transportation	6,688,472	175,994	3,741,956	41,504	(2,729,018)
Governmental services to residents	635,695	429,665	26,271	-	(179,759)
Administration	1,033,924	44,317	-	-	(989,607)
Non-program	807,502	427,156	293,738	-	(86,608)
Interest on long-term debt	102,409	-	-	-	(102,409)
Total	<u>\$ 13,841,686</u>	<u>1,442,480</u>	<u>4,499,411</u>	<u>41,504</u>	<u>(7,858,291)</u>
<b>General Revenues:</b>					
Property and other county tax levied for:					
General purposes					7,254,584
Debt service					19,663
Tax increment financing					142,951
Penalty and interest on property tax					48,278
State tax credits					495,940
Local option sales tax					975,685
Hotel/motel tax					34,427
Unrestricted investment earnings					333,888
Gain on disposition of capital assets					17,100
Miscellaneous					<u>222,540</u>
Total general revenues					<u>9,545,056</u>
Change in net position					1,686,765
Net position beginning of year					<u>30,979,910</u>
Net position end of year					<u>\$ 32,666,675</u>
See notes to financial statements.					

Poweshiek County  
Balance Sheet  
Governmental Funds

June 30, 2019

Assets	Special Revenue			
		Mental	Rural	Secondary
	General	Health	Services	Roads
Assets:				
Cash, cash equivalents and pooled investments	\$ 3,919,732	307,850	960,192	3,128,780
Receivables:				
Property tax:				
Delinquent	852	82	-	-
Succeeding year	4,026,000	392,000	2,980,000	-
Tax increment financing succeeding year	-	-	-	-
Interest and penalty on property tax	2,932	-	-	-
Accounts	2,082	-	2,820	175
Accrued interest	46,903	-	-	-
Due from other governments	262,081	-	37,909	286,426
Inventories	-	-	-	420,295
Prepaid insurance	32,417	-	12,763	40,108
Total assets	\$ 8,292,999	699,932	3,993,684	3,875,784
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts payable	\$ 147,424	126	6,024	119,448
Salaries and benefits payable	35,153	1,950	12,204	27,001
Due to other governments	2,936	-	-	81
Total liabilities	185,513	2,076	18,228	146,530
Deferred inflows of resources:				
Unavailable resources:				
Succeeding year property tax	4,026,000	392,000	2,980,000	-
Succeeding year tax increment financing	-	-	-	-
Other	26,607	82	-	-
Total deferred inflows of resources	4,052,607	392,082	2,980,000	-
Fund balances:				
Nonspendable:				
Inventories	-	-	-	420,295
Prepaid insurance	32,417	-	12,763	40,108
Restricted for:	-	-	-	-
Supplemental levy purposes	450,254	-	-	-
Mental health purposes	-	305,774	-	-
Rural services purposes	-	-	982,693	-
Secondary roads purposes	-	-	-	3,268,851
Capital improvements	-	-	-	-
Landfill postclosure care	-	-	-	-
Debt service	-	-	-	-
Conservation land acquisition	68,760	-	-	-
Other purposes	13,431	-	-	-
Unassigned	3,490,017	-	-	-
Total fund balances	4,054,879	305,774	995,456	3,729,254
Total liabilities, deferred inflows of resources and fund balances	\$ 8,292,999	699,932	3,993,684	3,875,784

See notes to financial statements.

Debt Service	Nonmajor	Total
92,198	3,313,173	11,721,925
4	-	938
16,000	-	7,414,000
-	120,000	120,000
-	-	2,932
-	-	5,077
3,658	405	50,966
-	74,190	660,606
-	-	420,295
-	-	85,288
111,860	3,507,768	20,482,027
-	1,440	274,462
-	-	76,308
-	-	3,017
-	1,440	353,787
16,000	-	7,414,000
-	120,000	120,000
4	-	26,693
16,004	120,000	7,560,693
-	-	420,295
-	-	85,288
-	-	450,254
-	-	305,774
-	-	982,693
-	-	3,268,851
-	1,510,895	1,510,895
-	1,603,731	1,603,731
95,856	60,681	156,537
-	-	68,760
-	211,021	224,452
-	-	3,490,017
95,856	3,386,328	12,567,547
111,860	3,507,768	20,482,027

**Poweshiek County**

Poweshiek County  
Reconciliation of the Balance Sheet –  
Governmental Funds to the Statement of Net Position

June 30, 2019

**Total governmental fund balances (page 19)** \$ 12,567,547

***Amounts reported for governmental activities in the Statement of Net Position are different because:***

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds. The cost of assets is \$41,264,459 and the accumulated depreciation is \$14,493,817.

26,770,642

Other long-term assets are not available to pay current year expenditures and, therefore, are recognized as deferred inflows of resources in the governmental funds.

26,693

The Internal Service Fund is used by management to charge the costs of partial self-funding of the County's health insurance benefit plan to individual funds. The assets and liabilities of the Internal Service Fund are included in governmental activities in the Statement of Net Position.

3,461,273

Pension and OPEB related deferred outflows of resources and deferred inflows of resources are not reported in the governmental funds, as follows:

Deferred outflows of resources	\$ 1,061,064	
Deferred inflows of resources	<u>(1,938,987)</u>	(877,923)

Long-term liabilities, including bonds and notes payable, compensated absences payable, landfill postclosure payable, net pension liability, total OPEB liability and accrued interest payable, are not due and payable in the current year and, therefore, are not reported in the governmental funds.

(9,281,557)

**Net position of governmental activities (page 16)**

\$ 32,666,675

See notes to financial statements.



Poweshiek County  
Statement of Revenues, Expenditures and  
Changes in Fund Balances  
Governmental Funds

Year ended June 30, 2019

	General	Special Revenue		
		Mental Health	Rural Services	Secondary Roads
Revenues:				
Property and other county tax	\$ 4,038,056	388,288	2,852,432	-
Tax increment financing	-	-	-	-
Local option sales tax	-	-	-	-
Penalty and interest on property tax	46,097	-	-	-
Intergovernmental	1,019,257	30,190	431,106	3,876,929
Licenses and permits	1,063	-	53,440	51,122
Charges for service	579,978	-	70,531	-
Use of money and property	351,775	-	-	287
Miscellaneous	179,430	55	3,037	74,031
Total revenues	6,215,656	418,533	3,410,546	4,002,369
Expenditures:				
Operating:				
Public safety and legal services	2,303,068	-	872,178	-
Physical health and social services	231,689	-	47,967	-
Mental health	-	458,260	-	-
County environment and education	435,742	-	157,425	-
Roads and transportation	-	-	-	6,850,344
Governmental services to residents	636,038	-	6,139	-
Administration	1,140,794	-	39,571	-
Non-program	407,006	-	-	-
Debt service	-	-	-	-
Capital projects	103,713	-	-	121,977
Total expenditures	5,258,050	458,260	1,123,280	6,972,321
Excess (deficiency) of revenues over (under) expenditures	957,606	(39,727)	2,287,266	(2,969,952)
Other financing sources (uses):				
Transfers in	-	-	-	2,535,651
Transfers out	(371,609)	-	(2,213,579)	-
Sale of capital assets	-	-	-	1,782
Total other financing sources (uses)	(371,609)	-	(2,213,579)	2,537,433
Change in fund balances	585,997	(39,727)	73,687	(432,519)
Fund balances beginning of year	3,468,882	345,501	921,769	4,161,773
Fund balances end of year	\$ 4,054,879	305,774	995,456	3,729,254

See notes to financial statements.

Debt Service	Nonmajor	Total
19,663	-	7,298,439
-	142,951	142,951
-	975,685	975,685
-	-	46,097
1,579	32,529	5,391,590
-	-	105,625
-	3,745	654,254
35,370	3,481	390,913
-	10,851	267,404
56,612	1,169,242	15,272,958
-	-	3,175,246
-	-	279,656
-	-	458,260
-	18,897	612,064
-	-	6,850,344
-	11,250	653,427
-	-	1,180,365
-	-	407,006
748,108	-	748,108
-	240,522	466,212
748,108	270,669	14,830,688
(691,496)	898,573	442,270
697,715	249,537	3,482,903
-	(897,715)	(3,482,903)
-	-	1,782
697,715	(648,178)	1,782
6,219	250,395	444,052
89,637	3,135,933	12,123,495
95,856	3,386,328	12,567,547

## Poweshiek County

Reconciliation of the Statement of Revenues, Expenditures and  
Changes in Fund Balances –  
Governmental Funds to the Statement  
of Activities

Year ended June 30, 2019

**Change in fund balances - Total governmental funds (page 23)** \$ 444,052

***Amounts reported for governmental activities in the Statement of  
Activities are different because:***

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. Capital outlay expenditures exceeded depreciation expense in the current year, as follows:

Expenditures for capital assets	\$ 1,732,727	
Depreciation expense	<u>(1,331,635)</u>	401,092

In the Statement of Activities, the gain on disposition of capital assets is reported, whereas the governmental funds report the proceeds from the disposition as an increase in financial resources.

17,100

Because some revenues will not be collected for several months after the County's year end, they are not considered available revenues and are recognized as deferred inflows of resources in the governmental funds.

Property Tax	10,235	
Other	<u>(185,985)</u>	(175,750)

Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.

645,000

The current year County share of IPERS contributions is reported as expenditures in the governmental funds but is reported as deferred outflows of resources in the Statement of Net Position.

422,947

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, as follows:

Compensated absences	(7,929)	
Accrued interest expense	699	
Landfill postclosure	195,000	
OPEB expense	117,772	
Pension expense	<u>(356,161)</u>	(50,619)

The Internal Service Fund is used by management to charge the costs of partial self-funding of the County's health insurance benefit plan to individual funds. The change in net position of the Internal Service Fund is reported with governmental activities.

(17,057)

**Change in net position of governmental activities (page 17)**

**\$ 1,686,765**

See notes to financial statements.

Poweshiek County  
Statement of Net Position  
Proprietary Fund  
June 30, 2019

	<u>Internal Service - Employee Group Health</u>
<b>Current Assets</b>	
Cash and cash equivalents	\$ 206,273
Investments	<u>3,350,000</u>
Total current assets	3,556,273
<b>Current Liabilities</b>	
Accounts payable	<u>95,000</u>
<b>Net Position</b>	
Unrestricted	<u>\$ 3,461,273</u>

See notes to financial statements.

Poweshiek County  
Statement of Revenues, Expenses and  
Changes in Fund Net Position  
Proprietary Fund

Year ended June 30, 2019

			<u>Internal Service - Employee Group Health</u>
Operating revenues:			
Reimbursements from operating funds		\$	698,053
Reimbursements from employees and others			244,869
Insurance reimbursements			<u>55,941</u>
Total operating revenues			998,863
Operating expenses:			
Medical claims	\$	688,784	
Insurance premiums		211,958	
Administrative fees		140,023	
Miscellaneous		<u>4,971</u>	<u>1,045,736</u>
Operating income			(46,873)
Non-operating revenues:			
Interest income			<u>29,816</u>
Net income			(17,057)
Net position beginning of year			<u>3,478,330</u>
Net position end of year		\$	<u><u>3,461,273</u></u>
See notes to financial statements.			

Poweshiek County

Statement of Cash Flows  
Proprietary Fund

Year ended June 30, 2019

	Internal Service - Employee Group Health
Cash flows from operating activities:	
Cash received from operating fund reimbursements	\$ 698,053
Cash received from employees and others	244,869
Cash received from Insurance reimbursements	55,941
Cash paid to suppliers for services	<u>(1,084,736)</u>
Net cash used by operating activities	<u>(85,873)</u>
Cash flows from investing activities:	
Interest on investments	<u>29,816</u>
Net decrease in cash and cash equivalents	(56,057)
Cash and cash equivalents beginning of year	<u>262,330</u>
Cash and cash equivalents end of year	<u><u>\$ 206,273</u></u>
<b>Reconciliation of operating loss to net cash</b>	
<b>used by operating activities:</b>	
Operating loss	\$ (46,873)
Adjustment to reconcile operating loss to net cash	
used by operating activities:	
Decrease in accounts payable	<u>(39,000)</u>
Net cash used by operating activities	<u><u>\$ (85,873)</u></u>

See notes to financial statements.

**Poweshiek County**

Poweshiek County  
Statement of Fiduciary Assets and Liabilities  
Agency Funds  
June 30, 2019

**Assets**

Cash, cash equivalents and pooled investments:	
County Treasurer	\$ 1,564,750
Other County officials	52,825
Receivables:	
Property tax:	
Delinquent	10,048
Succeeding year	26,569,000
Accounts	18,149
Special assessments	36,881
Accrued interest	581
Due from other governments	70,451
<b>Total assets</b>	<u>28,322,685</u>

**Liabilities**

Accounts payable	22,186
Salaries and benefits payable	4,990
Due to other governments	28,231,823
Trusts payable	47,717
Compensated absences	15,969
<b>Total liabilities</b>	<u>28,322,685</u>

<b>Net position</b>	<u><u>\$ -</u></u>
---------------------	--------------------

See notes to financial statements.



Poweshiek County

Notes to Financial Statements

June 30, 2019

**(1) Summary of Significant Accounting Policies**

Poweshiek County is a political subdivision of the State of Iowa and operates under the Home Rule provisions of the Constitution of Iowa. The County operates under the Board of Supervisors form of government. Elections are on a partisan basis. Other elected officials operate independently with the Board of Supervisors. These officials are the Auditor, Treasurer, Recorder, Sheriff and Attorney. The County provides numerous services to citizens, including law enforcement, health and social services, parks and cultural activities, planning and zoning, roadway construction and maintenance and general administrative services.

The County's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

**A. Reporting Entity**

For financial reporting purposes, Poweshiek County has included all funds, organizations, agencies, boards, commissions and authorities. The County has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the County to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the County. The County has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations – The County participates in several jointly governed organizations that provide goods or services to the citizenry of the County but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The County Board of Supervisors are members of or appoint representatives to the following boards and commissions: Poweshiek County Assessor's Conference Board, Poweshiek County Emergency Management Services Commission and Poweshiek County Joint 911 Service Board. Financial transactions of these organizations are included in the County's financial statements only to the extent of the County's fiduciary relationship with the organization and, as such, are reported in the Agency Funds of the County.

The County also participates in the following jointly governed organizations established pursuant to Chapter 28E of the Code of Iowa: Drug Task Force Agreement, South Central Iowa Solid Waste Agency and Poweshiek Area Development Corporation.

**B. Basis of Presentation**

Government-wide Financial Statements – The Statement of Net Position and the Statement of Activities report information on all of the nonfiduciary activities of the County. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are supported by property tax, intergovernmental revenues and other nonexchange transactions.

The Statement of Net Position presents the County's nonfiduciary assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Net position is reported in the following categories:

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

Restricted net position results when constraints placed on net position use are either externally imposed or are imposed by law through constitutional provisions or enabling legislation. Net position restricted through enabling legislation consists of \$1,423,731 for landfill postclosure care.

Unrestricted net position consists of net position not meeting the definition of the preceding categories. Unrestricted net position often has constraints on resources imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements - Separate financial statements are provided for governmental funds, the proprietary fund and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The County reports the following major governmental funds:

The General Fund is the general operating fund of the County. All general tax revenues and other revenues not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, the fixed charges and the capital improvement costs not paid from other funds.

Special Revenue:

The Mental Health Fund is used to account for property tax and other revenues to be used to fund mental health, intellectual disabilities and developmental disabilities services.

The Rural Services Fund is used to account for property tax and other revenues to provide services which are primarily intended to benefit those persons residing in the county outside of incorporated city areas.

The Secondary Roads Fund is used to account for the road use tax allocation from the State of Iowa, transfers from the General Fund and the Special Revenue, Rural Services Fund and other revenues to be used for secondary road construction and maintenance.

The Debt Service Fund is utilized to account for property tax and other revenues to be used for the payment of interest and principal on the County's general long-term debt.

Additionally, the County reports the following funds:

Proprietary Fund – An Internal Service Fund is utilized to account for the financing of goods or services purchased by one department of the County and provided to other departments or agencies on a cost reimbursement basis.

Fiduciary Funds – Agency Funds are used to account for assets held by the County as an agent for individuals, private organizations, certain jointly governed organizations, other governmental units and/or other funds.

C. Measurement Focus and Basis of Accounting

The government-wide, proprietary fund and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current year or soon enough thereafter to pay liabilities of the current year. For this purpose, the County considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest are considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the County.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recorded as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the County's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants and then by general revenues.

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the County's policy is to pay the expenditure from restricted fund balance and then from less-restrictive classifications – committed, assigned and then unassigned fund balances.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's Internal Service Fund is charges to customers for sales and services. Operating expenses for the Internal Service Fund include the cost of services and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The County maintains its financial records on the cash basis. The financial statements of the County are prepared by making memorandum adjusting entries to the cash basis financial records.

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Balance/Net Position

The following accounting policies are followed in preparing the financial statements:

Cash, Cash Equivalents and Pooled Investments – The cash balances of most County funds are pooled and invested. Interest earned on investments is recorded in the General Fund unless otherwise provided by law. Investments are stated at fair value except for the investment in the Iowa Public Agency Investment Trust which is valued at amortized cost and non-negotiable certificates of deposit which are stated at amortized cost.

For purposes of the Statement of Cash Flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months.

Property Tax Receivable – Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the County Board of Supervisors. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax and tax increment financing receivables represent taxes certified by the Board of Supervisors to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Supervisors is required to certify its budget in March of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax and tax increment financing receivables have been recorded, the related revenue is reported as a deferred inflow of resources in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which they are levied.

Property tax revenue recognized in these funds becomes due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2017 assessed property valuations; is for the tax accrual period July 1, 2018 through June 30, 2019 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2018.

Interest and Penalty on Property Tax Receivable – Interest and penalty on property tax receivable represents the amount of interest and penalty that was due and payable but has not been collected.

Due from Other Governments – Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories – Inventories are valued at cost using the first-in, first-out method. Inventories consist of expendable supplies held for consumption. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Capital Assets – Capital assets, which include property, furniture equipment and intangibles acquired after July 1, 1980 are reported in the governmental activities column in the government-wide Statement of Net Position. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value. Acquisition value is the price that would have been paid to acquire a capital asset with equivalent service potential. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the County as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Intangibles	\$ 100,000
Infrastructure	50,000
Land and buildings	35,000
Land improvements	25,000
Equipment and vehicles	10,000

Capital assets of the County are depreciated using the straight line method over the following estimated useful lives:

Asset Class	Estimated Useful lives (In Years)
Buildings	25 - 50
Land improvements	10 - 50
Infrastructure	30 - 50
Intangibles	5 - 20
Equipment	3 - 20
Vehicles	5 - 15

Deferred Outflows of Resources – Deferred outflows of resources represent a consumption of net position applicable to a future year(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension expense and OPEB expense and contributions from the County after the measurement date but before the end of the County's reporting period.

Due to Other Governments – Due to other governments represents taxes and other revenues collected by the County and payments for services which will be remitted to other governments.

Trusts Payable – Trusts payable represents amounts due to others which are held by various County officials in fiduciary capacities until the underlying legal matters are resolved.

Compensated Absences – County employees accumulate a limited amount of earned but unused vacation and compensatory hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2019. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund and the Special Revenue, Mental Health, Secondary Roads and Rural Services Funds.

Long-Term Liabilities – In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund Statement of Net Position.

In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Pensions – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Iowa Public Employees' Retirement System (IPERS) and additions to/deductions from IPERS' fiduciary net position have been determined on the same basis as they are reported by IPERS. For this purpose, benefit payments, including refunds of employee contributions, are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The net pension liability attributable to the governmental activities will be paid primarily by the General Fund and the Special Revenue, Mental Health, Rural Services and Secondary Roads Funds.

Total OPEB Liability – For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense, information has been determined based on the Poweshiek County's actuary report. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. The total OPEB liability attributable to the governmental activities will be paid primarily by the General Fund and the Special Revenue, Mental Health, Rural Services and Secondary Roads Funds.

Deferred Inflows of Resources – Deferred inflows of resources represents an acquisition of net position applicable to a future year(s) which will not be recognized as an inflow of resources (revenue) until that time. Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the fund financial statements consist of property tax receivable and other receivables not collected within sixty days after year end and succeeding year property tax and tax increment financing receivables that will not be recognized until the year for which they are levied.

Deferred inflows of resources in the Statement of Net Position consist of succeeding year property tax and tax increment financing receivables that will not be recognized until the year for which they are levied, unrecognized items not yet charged to pension and OPEB expense and the unamortized portion of the net difference between projected and actual earnings on pension plan assets.

Fund Balance – In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable – Amounts which cannot be spent because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or are imposed by law through constitutional provisions or enabling legislation.

Unassigned – All amounts not included in the preceding classifications.

Net Position – The net position of the Internal Service, Employee Group Health Fund is designated for anticipated future catastrophic losses of the County.

#### E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information.

### **(2) Cash, Cash Equivalents and Pooled Investments**

The County's deposits in banks at June 30, 2019 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to ensure there will be no loss of public funds.

The County is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Supervisors; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The County had investments in the Iowa Public Agency Investment Trust (IPAIT) which are valued at an amortized cost of \$9,417,794. There were no limitations or restrictions on withdrawals for the IPAIT investments. The County's investment in IPAIT is unrated.

### **(3) Interfund Transfers**

The detail of interfund transfers for the year ended June 30, 2019 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Special Revenue:		
Secondary Road	General	\$ 181,039
	Special Revenue:	
	Rural Services	2,154,612
	Local Option Sales Tax	<u>200,000</u>
		<u>2,535,651</u>
Special Revenue:	Special Revenue:	
Sanitary Disposal	Rural Services	<u>20,000</u>
Capital Projects	General	190,570
	Special Revenue:	
	Rural Services	<u>38,967</u>
		<u>229,537</u>
Debt Service	Special Revenue:	
	Local Option Sales Tax	577,730
	Urban Renewal	<u>119,985</u>
		<u>697,715</u>
Total		<u>\$ 3,482,903</u>

Transfers generally move resources from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.



#### (4) Capital Assets

Capital assets activity for the year ended June 30, 2019 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 2,030,405	-	-	2,030,405
Construction in progress	502,871	249,020	746,032	5,859
Total capital assets not being depreciated	2,533,276	249,020	746,032	2,036,264
Capital assets being depreciated:				
Buildings	9,568,220	302,707	-	9,870,927
Equipment and vehicles	7,484,741	1,281,019	62,535	8,703,225
Infrastructure	19,990,930	663,113	-	20,654,043
Total capital assets being depreciated	37,043,891	2,246,839	62,535	39,228,195
Less accumulated depreciation for:				
Buildings	2,154,421	242,382	-	2,396,803
Equipment and vehicles	5,593,256	410,195	62,535	5,940,916
Infrastructure	5,477,040	679,058		6,156,098
Total accumulated depreciation	13,224,717	1,331,635	62,535	14,493,817
Total capital assets being depreciated, net	23,819,174	915,204	-	24,734,378
Governmental activities capital assets, net	\$ 26,352,450	1,164,224	746,032	26,770,642

Depreciation expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 250,461
Physical health and social services	5,927
County environment and education	83,322
Roads and transportation	922,567
Administration	69,358
Total depreciation expense - governmental activities	<u>\$ 1,331,635</u>

#### (5) Due to Other Governments

The County purchases services from other governmental units and also acts as a fee and tax collection agent for various governmental units. Tax collections are remitted to those governments in the month following collection. A summary of amounts due to other governments at June 30, 2019 is as follows:

Fund	Description	Amount
General	Services	\$ 2,936
Special Revenue:		
Secondary Roads	Services	81
Total for governmental funds		<u>\$ 3,017</u>
Agency:		
County Assessor	Collections	\$ 910,534
Schools		16,155,708
Community Colleges		994,395
Corporations		8,095,308
Auto License and Use Tax		518,979
All other		1,556,899
Total for agency funds		<u>\$ 28,231,823</u>

**(6) Long-Term Liabilities**

A summary of changes in long-term liabilities for the year ended June 30, 2019 is as follows:

	General Obligation Refunding	General Obligation Urban Renewal	Compensated Absences	Estimated Liability for Landfill Postclosure	Net Pension Liability	Total OPEB Liability	Total
Balance beginning of year	\$ 4,705,000	650,000	283,177	375,000	2,877,893	1,781,047	10,672,117
Increases	-	-	606,599	-	-	-	606,599
Decreases	515,000	130,000	598,670	195,000	422,691	143,608	2,004,969
Balance end of year	\$ 4,190,000	520,000	291,106	180,000	2,455,202	1,637,439	9,273,747
Due within one year	\$ 520,000	130,000	224,441	-	-	-	874,441

A summary of the County's general obligation indebtedness is as follows:

Year Ending June 30,	Refunding Bonds		Urban Renewal Notes		Total		Total
	Principal	Interest	Principal	Interest	Principal	Interest	
2020	\$ 520,000	85,270	130,000	8,450	650,000	93,720	743,720
2021	525,000	77,470	130,000	6,695	655,000	84,165	739,165
2022	535,000	68,545	130,000	4,680	665,000	73,225	738,225
2023	545,000	58,380	130,000	2,470	675,000	60,850	735,850
2024	555,000	47,208	-	-	555,000	47,208	602,208
2025-2027	1,510,000	66,545	-	-	1,510,000	66,545	1,576,545
Total	\$ 4,190,000	403,418	520,000	22,295	4,710,000	425,713	5,135,713

**General Obligation Refunding Bonds**

On March 29, 2012, the County issued \$5,210,000 of general obligation refunding bonds for the crossover advance refunding of \$4,845,000 of general obligation local option sales tax bonds dated October 15, 2008. The refunding bonds bear interest at rates ranging from 1.00% to 2.45% per annum. The 2008 bonds were called on June 1, 2017. During the year ended June 30, 2019, the County retired \$515,000 of general obligation refunding bonds and paid interest of \$91,707.

**General Obligation Urban Renewal Notes**

On May 9, 2013, the County issued \$1,280,000 of general obligation urban renewal notes. The notes bear interest at rates ranging from 1.50% to 1.90% per annum. The notes were used to finance reconstruction and improvements to County roads in the urban renewal areas. During the year ended June 30, 2019, the County retired \$130,000 of general obligation urban renewal notes and paid interest of \$10,400.

**(7) Pension Plan**

Plan Description – IPERS membership is mandatory for employees of the County, except for those covered by another retirement system. Employees of the County are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by the Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at PO Box 9117, Des Moines, Iowa 50306-9117 or at [www.ipers.org](http://www.ipers.org).

IPERS benefits are established under Iowa Code Chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

Pension Benefits – A Regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, any time after reaching age 62 with 20 or more years of covered employment or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. These qualifications must be met on the member's first month of entitlement to benefits. Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a Regular member's monthly IPERS benefit includes:

- A multiplier based on years of service.
- The member's highest five-year average salary, except members with service before June 30, 2012 will use the highest three-year average salary as of that date will be used if it is greater than the highest five-year average salary.

Sheriffs, deputies and protection occupation members may retire at normal retirement age, which is generally at age 55. Sheriffs, deputies and protection occupation members may retire any time after reaching age 50 with 22 or more years of covered employment.

The formula used to calculate a sheriff's, deputy's and protection occupation member's monthly IPERS benefit includes:

- 60% of average salary after completion of 22 years of service, plus an additional 1.5% of average salary for more than 22 years of service but not more than 30 years of service.
- The member's highest three-year average salary.

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25% for each month the member receives benefits before the member's earliest normal retirement age. For service earned on or after July 1, 2012, the reduction is 0.50% for each month the member receives benefits before age 65.

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

Disability and Death Benefits – A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

Contributions – Contribution rates are established by IPERS following the annual actuarial valuation which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. State statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2019, pursuant to the required rate, Regular members contributed 6.29% of covered payroll and the County contributed 9.44% of covered payroll, for a total rate of 15.73%. The Sheriff, deputies and the County each contributed 9.76% of covered payroll, for a total rate of 19.52%. Protection occupation members contributed 6.81% of covered payroll and the County contributed 10.21% of covered payroll, for a total rate of 17.02%.

The County's contributions to IPERS for the year ended June 30, 2019 were \$422,947.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2019, the County reported a liability of \$2,455,202 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2018, the County's proportion was 0.038798%, which was a decrease of 0.004405% from its collective proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the County recognized pension expense of \$356,161. At June 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 28,539	87,722
Changes of assumptions	515,491	151,067
Net difference between projected and actual earnings on IPERS' investments	-	111,645
Changes in proportion and differences between County contributions and the County's proportionate share of contributions	28,089	82,361
County contributions subsequent to the measurement date	422,947	-
Total	<u>\$ 995,066</u>	<u>432,795</u>

\$422,947 reported as deferred outflows of resources related to pensions resulting from the County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Amount
2020	\$ 177,130
2021	82,561
2022	(67,719)
2023	(38,941)
2024	(13,707)
Total	<u>\$ 139,324</u>

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions – The total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement:

Rate of inflation (effective June 30, 2017)	2.6% per annum.
Rates of salary increase (effective June 30, 2017)	3.25% to 16.25% average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 2017)	7.00% compounded annually, net of investment expense, including inflation.
Wage growth (effective June 30, 2017)	3.25% per annum, based on 2.60% inflation and 0.65% real wage inflation.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an economic assumption study dated March 24, 2017 and a demographic assumption study dated June 28, 2018.

Mortality rates used in the 2018 valuation were based on the RP-2014 Employee and Healthy Annuitant Tables with MP-2017 generational adjustments.

The long-term expected rate of return on IPERS' investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equity	22.0%	6.01%
International equity	15.0	6.48
Global smart beta equity	3.0	6.23
Core plus fixed income	27.0	1.97
Public credit	3.5	3.93
Public real assets	7.0	2.91
Cash	1.0	(0.25)
Private equity	11.0	10.81
Private real assets	7.5	4.14
Private credit	3.0	3.11
Total	<u>100.0%</u>	

Discount Rate – The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed employee contributions will be made at the contractually required rate and contributions from the County will be made at contractually required rates, actuarially determined. Based on those assumptions, IPERS' fiduciary net position was projected to be available to make all projected future benefit payments to current active and inactive employees. Therefore, the long-term expected rate of return on IPERS' investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate 1% lower (6.00%) or 1% higher (8.00%) than the current rate.

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
County's proportionate share of the net pension liability	\$ 5,066,794	2,455,202	265,217

IPERS' Fiduciary Net Position – Detailed information about IPERS' fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at [www.ipers.org](http://www.ipers.org).

Payables to IPERS – All legally required County contributions and legally required employee contributions which had been withheld from employee wages were remitted by the County to IPERS by June 30, 2019.

**(8) Other Postemployment Benefits (OPEB)**

Plan Description – The County administers a single-employer benefit plan which provides medical, prescription drug and dental benefits for employees, retirees and their spouses. Group insurance benefits are established under Iowa Code Chapter 509A.13. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

OPEB Benefits – Individuals who are employed by Poweshiek County and are eligible to participate in the group health plan are eligible to continue healthcare benefits upon retirement. Retirees under age 65 pay the same premium for the medical, prescription drug and dental benefits as active employees, which results in an implicit rate subsidy and an OPEB liability.

Retired participants must be age 55 or older at retirement. At June 30, 2019, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	6
Active employees	<u>85</u>
Total	<u>91</u>

Total OPEB Liability – The County’s total OPEB liability of \$1,637,439 was measured as of June 30, 2019 and was determined by an actuarial valuation as of July 1, 2018. The total OPEB liability was rolled forward from the July 1, 2018 valuation date to the June 30, 2019 measurement date.

Actuarial Assumptions – The total OPEB liability in the July 1, 2018 actuarial valuation was determined using the following actuarial assumptions and the entry age normal actuarial cost method, applied to all periods included in the measurement.

Rate of inflation	
(effective July 1, 2018)	2.6% per annum.
Rates of salary increase	3.25% per annum, including
(effective July 1, 2018)	inflation.
Discount rate	3.51% compounded annually,
(effective July 1, 2018)	including inflation.
Healthcare cost trend rate	8.5% initial rate decreasing by .5%
(effective July 1, 2018)	annually to an ultimate rate of 5.00%.

Discount Rate – The discount rate used to measure the total OPEB liability was 3.51% which reflects the index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of the measurement date.

Mortality rates are from the SOA RPH-2017 total dataset mortality table fully generational using Scale MP-2017. Annual retirement probabilities are based on varying rates by age and turnover probabilities mirror those used by IPERS.

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study with dates corresponding to those listed above.

### Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Total OPEB liability beginning of year	\$ 1,781,047
Changes for the year:	
Service cost	113,418
Interest	71,458
Differences between expected and actual experiences	(263,744)
Changes in assumptions	32,167
Benefit payments	<u>(96,907)</u>
Net changes	<u>(143,608)</u>
Total OPEB liability end of year	<u>\$ 1,637,439</u>

Changes of assumptions reflect a change in the discount rate from 3.87% in fiscal year 2018 to 3.51% in fiscal year 2019.

Sensitivity of the County's Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1% lower (2.51%) or 1% higher (4.51%) than the current discount rate.

	1% Decrease (2.51%)	Discount Rate (3.51%)	1% Increase (4.51%)
Total OPEB liability	\$ 1,728,576	1,637,439	1,549,093

Sensitivity of the County's Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower (7.5%) or 1% higher (9.5%) than the current healthcare cost trend rates.

	1% Decrease (7.5%)	Healthcare Cost Trend Rate (8.5%)	1% Increase (9.5%)
Total OPEB liability	\$ 1,474,202	1,637,439	1,826,124



OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – For the year ended June 30, 2019, the County recognized OPEB expense of \$117,772. At June 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following resources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	1,506,192
Changes in assumptions	65,998	-
Total	<u>\$ 65,998</u>	<u>1,506,192</u>

The amount reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

Year ending June 30,	Amount
2020	\$ (205,741)
2021	(205,741)
2022	(205,741)
2023	(205,741)
2024	(205,741)
Thereafter	(411,489)
	<u>\$ (1,440,194)</u>

## **(9) Risk Management**

The County is a member of the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 778 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine and boiler/ machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual casualty operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses estimated for the fiscal year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained at a level determined by the Board not to exceed 300% of basis rate.

The Pool also provides property coverage. Members who elect such coverage make annual property operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses, reinsurance premiums, losses and loss expenses for property risks estimated for the fiscal year, plus all or any portion of any deficiency in capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The County's property and casualty contributions to the Pool are recorded as expenditures from its operating funds at the time of payment to the Pool. The County's contributions to the Pool for the year ended June 30, 2019 were \$171,774.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$500,000 per claim. Claims exceeding \$500,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the County's risk-sharing certificate. Property and automobile physical damage risks are retained by the Pool up to \$250,000 each occurrence, each location. Property risks exceeding \$250,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the County's risk-sharing certificate.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim, property loss or series of claims or losses exceeds the amount of risk-sharing protection provided by the County's risk-sharing certificate, or in the event a casualty claim, property loss or series of claims or losses exhausts the Pool's funds and any excess risk-sharing recoveries, then payment of such claims or losses shall be the obligation of the respective individual member against whom the claim was made or the loss was incurred.

The County does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2019, no liability has been recorded in the County's financial statements. As of June 30, 2019, settled claims have not exceeded the risk pool or reinsurance coverage since the Pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days prior written notice may withdraw from the Pool. Upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Upon withdrawal, a formula set forth in the Pool's intergovernmental contract with its members is applied to determine the amount (if any) to be refunded to the withdrawing member.

The County also carries commercial insurance purchased from other insurers for coverage associated with workers compensation and employee blanket bond in the amount of \$1,000,000 and \$80,000, respectively. The County assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

#### **(10) Employee Health Insurance Plan**

The Internal Service, Employee Group Health Fund was established to account for the partial self-funding of the County's health insurance benefit plan. The plan is funded by both employee and County contributions and is administered through a service agreement with Wellmark. The agreement was effective July 1, 2010 and is subject to automatic renewal provisions. The County assumes liability for claims up to the individual stop loss limitation of \$30,000. Claims in excess of coverage are insured through purchase of stop loss insurance.

Monthly payments of service fees and plan contributions to the Employee Group Health Fund are recorded as expenditures from the operating funds. Under the administrative services agreement, monthly payments of service fees and claims processed are paid to Wellmark from the Employee Group Health Fund. The County's contribution for the year ended June 30, 2019 was \$698,053.

Amounts payable from the Employee Group Health Fund at June 30, 2019 total \$95,000, which is for incurred but not reported (IBNR) and reported but not paid claims. The amounts are based on actuarial estimates of the amounts necessary to pay prior year and current year claims and to establish a reserve for catastrophic losses. That reserve was \$3,461,273 at June 30, 2019 and is reported as a designation of the Internal Service, Employee Group Health Fund net position. A liability has been established based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires a liability for claims be reported if information prior to the issuance of the financial statements indicates it is probable a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Settlements have not exceeded the stop-loss coverage in any of the past three years. A reconciliation of changes in the aggregate liability for claims for the current year is as follows:

Unpaid claims beginning of year	\$ 134,000
Incurred claims (including claims incurred but not reported at June 30, 2019)	688,784
Payment on claims during the fiscal year	<u>(727,784)</u>
Unpaid claims end of year	<u>\$ 95,000</u>

#### **(11) Postclosure Care**

To comply with federal and state regulations, the County is required to complete a monitoring system plan and a closure/postclosure care plan and to provide funding necessary to effect closure and postclosure care, including the proper monitoring and care of the landfill after closure. Environmental Protection Agency (EPA) requirements have established closure and thirty-year postclosure care requirements for all municipal solid waste landfills that receive waste after October 9, 1993. State governments are primarily responsible for implementation and enforcement of those requirements and have been given flexibility to tailor requirements to accommodate local conditions that exist. The effect of the EPA requirement is to commit landfill owners to perform certain closing functions and postclosure monitoring functions as a condition for the right to operate the landfill in the current period. The EPA requirements provide that when a landfill stops accepting waste, it must be covered with a minimum of twenty-four inches of earth to keep liquid away from the buried waste. Once the landfill is closed, the owner is responsible for maintaining the final cover, monitoring ground water and methane gas, and collecting and treating leachate (the liquid that drains out of waste) for thirty years.

Governmental Accounting Standards Board Statement No. 18 requires landfill owners to estimate total landfill closure and postclosure care costs and recognize a portion of these costs each year based on the percentage of estimated total landfill capacity used that period. Estimated total costs consist of four components: (1) the cost of equipment and facilities used in postclosure monitoring and care, (2) the cost of final cover (material and labor), (3) the cost of monitoring the landfill during the postclosure period and (4) the cost of any environmental cleanup required after closure. Estimated total cost is based on the cost to purchase those services and equipment currently and is required to be updated annually. These costs for the Poweshiek County Sanitary Landfill have been estimated at \$180,000 as of June 30, 2019 and a liability of that amount has been recognized.

Chapter 111 of the Iowa Administrative Code has been promulgated to implement financial assurance rules. Since the Poweshiek County Sanitary Landfill stopped waste disposal prior to the Chapter 111 effective date of August 24, 1994, financial assurance is not required for the Landfill. However, the County has accumulated resources to fund postclosure care and, at June 30, 2019, \$1,603,731 restricted for these purposes is reported in the Special Revenue, Sanitary Disposal Fund.

**(12) Tax Abatements**

Governmental Accounting Standards Board Statement No. 77 defines tax abatements as a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

**Tax Abatements of Other Entities**

Property tax revenues of the County were reduced by the following amounts for the year ended June 30, 2019 under agreements entered into by the following entities:

<u>Entity</u>	<u>Tax Abatement Program</u>	<u>Amount of Tax Abated</u>
City of Brooklyn	Urban renewal and economic development projects	\$ 1,294
City of Grinnell	Urban renewal and economic development projects	33,792

**(13) Poweshiek County Financial Information Included in the Central Iowa Community Services Mental Health Region**

Central Iowa Community Services Mental Health Region, a jointly governed organization formed pursuant to the provisions of Chapter 28E of the Code of Iowa includes the following member counties: Boone, Franklin, Hamilton, Hardin, Jasper, Madison, Marshall, Poweshiek, Story, and Warren. The financial activity of Poweshiek County's Special Revenue, Mental Health Fund is included in the Central Iowa Community Services Mental Health Region for the year ended June 30, 2019, as follows:

Revenues:		
Property and other county tax		\$ 388,288
Intergovernmental:		
State tax credits		30,190
Miscellaneous		<u>55</u>
Total revenues		<u>418,533</u>
Expenditures:		
Services to persons with:		
Mental illness		75,648
General administration:		
Direct administration	\$ 73,488	
Distribution to regional fiscal agent	<u>309,124</u>	<u>382,612</u>
Total expenditures		<u>458,260</u>
Excess of revenues over expenditures		(39,727)
Fund balance beginning of year		<u>345,501</u>
Fund balance end of year		<u>\$ 305,774</u>

**(14) Prospective Accounting Change**

Governmental Accounting Standards Board has issued Statement No. 84, Fiduciary Activities. This statement will be implemented for the fiscal year ending June 30, 2020. The revised requirements of this statement will enhance the consistency and comparability of fiduciary activity reporting by state and local governments by establishing specific criteria for identifying fiduciary activities and clarifying whether and how business-type activities should report their fiduciary activities.

### **Required Supplementary Information**

Poweshiek County

Budgetary Comparison Schedule of  
Receipts, Disbursements and Changes in Balances –  
Budget and Actual (Cash Basis) – All Governmental Funds

Required Supplementary Information

Year ended June 30, 2019

		Budgeted Amounts		Final to
	Actual	Original	Final	Actual
				Variance
Receipts:				
Property and other county tax	\$ 8,423,712	8,300,601	8,300,601	123,111
Penalty and interest on property tax	46,097	-	-	46,097
Intergovernmental	5,375,746	6,278,517	6,497,017	(1,121,271)
Licenses and permits	114,800	54,650	54,650	60,150
Charges for service	683,918	689,690	689,690	(5,772)
Use of money and property	375,879	140,310	140,310	235,569
Miscellaneous	233,444	252,446	357,446	(124,002)
Total receipts	15,253,596	15,716,214	16,039,714	(786,118)
Disbursements:				
Public safety and legal services	3,149,715	3,209,913	3,329,271	179,556
Physical health and social services	278,942	362,113	372,113	93,171
Mental health	464,051	435,364	484,864	20,813
County environment and education	632,971	652,042	662,042	29,071
Roads and transportation	6,826,131	7,342,947	7,342,947	516,816
Governmental services to residents	653,088	663,349	686,649	33,561
Administration	1,183,016	1,332,887	1,437,887	254,871
Non-program	398,479	454,900	655,900	257,421
Debt service	748,108	748,108	748,108	-
Capital projects	486,159	2,989,053	3,000,039	2,513,880
Total disbursements	14,820,660	18,190,676	18,719,820	3,899,160
Excess (deficiency) of receipts over				
(under) disbursements	432,936	(2,474,462)	(2,680,106)	3,113,042
Other financing sources, net	1,782	-	-	1,782
Deficiency of receipts and other				
financing sources under				
disbursements and other financing uses	434,718	(2,474,462)	(2,680,106)	3,114,824
Balance beginning of year	11,287,207	9,886,893	9,886,893	1,400,314
Balance end of year	\$ 11,721,925	7,412,431	7,206,787	4,515,138

See accompanying independent auditor's report.

---

Poweshiek County

Budgetary Comparison Schedule - Budget to GAAP Reconciliation

Required Supplementary Information

Year ended June 30, 2019

	Governmental Funds		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis
Revenues	\$ 15,253,596	19,362	15,272,958
Expenditures	14,820,660	10,028	14,830,688
Net	432,936	9,334	442,270
Other financing sources, net	1,782	-	1,782
Beginning fund balances	11,287,207	836,288	12,123,495
Ending fund balances	<u>\$ 11,721,925</u>	<u>845,622</u>	<u>12,567,547</u>

See accompanying independent auditor's report.



Poweshiek County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2019

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the County Board of Supervisors annually adopts a budget on the cash basis following required public notice and hearing for all funds except the Internal Service and Agency Funds, and appropriates the amount deemed necessary for each of the different County offices and departments. The budget may be amended during the year utilizing similar statutorily prescribed procedures. Encumbrances are not recognized on the cash basis budget and appropriations lapse at year end.

Formal and legal budgetary control is based upon ten major classes of expenditures known as functions, not by fund. These ten functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds and the Debt Service Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, two budget amendments increased budgeted disbursements by \$529,144. The budget amendments are reflected in the final budgeted amounts.

In addition, annual budgets are similarly adopted in accordance with the Code of Iowa by the appropriate governing body as indicated: for the County Extension Office by the County Agricultural Extension Council, for the County Assessor by the County Conference Board, for the 911 System by the Joint 911 Service Board and for Emergency Management Services by the County Emergency Management Commission.

During the year ended June 30, 2019, disbursements did not exceed the amounts budgeted.

---

Poweshiek County

Schedule of the County's Proportionate Share of the Net Pension Liability

Iowa Public Employees' Retirement System  
For the Last Five Years\*  
(In Thousands)

Required Supplementary Information

	2019	2018	2017	2016	2015
County's proportion of the net pension liability	0.038798%	0.043203%	0.042252%	0.039848%	0.038791%
County's proportionate share of the net pension liability	\$ 2,455	2,878	2,659	1,969	1,538
County's covered payroll	\$ 4,201	4,162	3,906	3,856	3,886
County's proportionate share of the net pension liability as a percentage of its covered payroll	58.44%	69.15%	68.07%	51.06%	39.58%
IPERS' net position as a percentage of the total pension liability	83.62%	82.21%	81.82%	85.19%	87.61%

\* In accordance with GASB Statement No. 68, the amounts presented for each fiscal year were determined as of June 30 of the preceeding fiscal year.

See accompanying independent auditor's report.

---

Poweshiek County

Schedule of County Contributions

Iowa Public Employees' Retirement System  
For the Last Ten Years  
(In Thousands)

Required Supplementary Information

	2019	2018	2017	2016
Statutorily required contribution	\$ 423	382	382	360
Contributions in relation to the statutorily required contribution	(423)	(382)	(382)	(360)
Contribution deficiency (excess)	\$ -	-	-	-
County's covered payroll	\$ 4,400	4,201	4,162	3,906
Contributions as a percentage of covered payroll	9.61%	9.09%	9.18%	9.22%

See accompanying independent auditor's report.

2015	2014	2013	2012	2011	2010
361	359	351	331	290	262
(361)	(359)	(351)	(331)	(290)	(262)
-	-	-	-	-	-
3,856	3,886	3,874	3,844	3,799	3,707
9.36%	9.24%	9.06%	8.61%	7.63%	7.07%

Poweshiek County

Notes to Required Supplementary Information – Pension Liability

Year ended June 30, 2019

Changes of benefit terms:

Legislation enacted in 2010 modified benefit terms for Regular members. The definition of final average salary changed from the highest three to the highest five years of covered wages. The vesting requirement changed from four years of service to seven years. The early retirement reduction increased from 3% per year measured from the member's first unreduced retirement age to a 6% reduction for each year of retirement before age 65.

Changes of assumptions:

The 2018 valuation implemented the following refinements as a result of a demographic assumption study dated June 28, 2018:

- Changed mortality assumptions to the RP-2014 mortality tables with mortality improvements modeled using Scale MP-2017.
- Adjusted retirement rates.
- Lowered disability rates.
- Adjusted the probability of a vested Regular member electing to receive a deferred benefit.
- Adjusted the merit component of the salary increase assumption.

The 2017 valuation implemented the following refinements as a result of an experience study dated March 24, 2017:

- Decreased the inflation assumption from 3.00% to 2.60%.
- Decreased the assumed rate of interest on member accounts from 3.75% to 3.50% per year.
- Decreased the discount rate from 7.50% to 7.00%.
- Decreased the wage growth assumption from 4.00% to 3.25%.
- Decreased the payroll growth assumption from 4.00% to 3.25%.

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25% to 3.00%.
- Decreased the assumed rate of interest on member accounts from 4.00% to 3.75% per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Reduced retirement rates for sheriffs and deputies between the ages of 55 and 64.
- Moved from an open 30-year amortization period to a closed 30-year amortization period for the UAL (unfunded actuarial liability) beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20-year period.

The 2010 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted retiree mortality assumptions.
- Modified retirement rates to reflect fewer retirements.
- Lowered disability rates at most ages.
- Lowered employment termination rates.
- Generally increased the probability of terminating members receiving a deferred retirement benefit.
- Modified salary increase assumptions based on various service duration.

Poweshiek County

Schedule of Changes in the County's  
Total OPEB Liability, Related Ratios and Notes

For the Last Two Years  
Required Supplementary Information

	2019	2018
Service cost	\$ 113,418	255,165
Interest cost	71,458	119,490
Difference between expected and actual experiences	(263,744)	(1,639,820)
Changes in assumptions	32,167	48,668
Benefit payments	(96,907)	(168,533)
Net change in total OPEB liability	(143,608)	(1,385,030)
Total OPEB liability beginning of year	1,781,047	3,166,077
Total OPEB liability end of year	\$ 1,637,439	1,781,047
Covered-employee payroll	\$ 4,014,008	3,897,947
Total OPEB liability as a percentage of covered-employee payroll	40.8%	45.7%

See accompanying independent auditor's report.

**Notes to Schedule of Changes in the County's Total OPEB Liability and Related Ratios**

*Changes in benefit terms:*

There were no significant changes in benefit terms.

*Changes in assumptions:*

Changes in assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period.

Year ended June 30, 2019	3.51%
Year ended June 30, 2018	3.87%
Year ended June 30, 2017	3.58%

**Poweshiek County**

## **Supplementary Information**



Poweshiek County  
Combining Balance Sheet  
Nonmajor Governmental Funds

June 30, 2019

				Special
	Resource Enhancement and Protection	County Recorder's Records Management	County Conservation Bequest	Conservation Easement
<b>Assets</b>				
Cash, cash equivalents and pooled investments	\$ 33,283	21,291	18,848	5,000
Receivables:				
Succeeding year tax increment financing	-	-	-	-
Accrued interest	58	37	33	-
Due from other governments	-	-	-	-
<b>Total assets</b>	<b>\$ 33,341</b>	<b>21,328</b>	<b>18,881</b>	<b>5,000</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>				
Liabilities:				
Accounts payable	\$ -	-	-	-
Deferred inflows of resources:				
Unavailable revenue:				
Succeeding year tax increment financing	-	-	-	-
Fund balances:				
Restricted for:				
Capital improvements	-	-	-	-
Landfill postclosure care	-	-	-	-
Debt service	-	-	-	-
Other purposes	33,341	21,328	18,881	5,000
Total fund balances	33,341	21,328	18,881	5,000
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 33,341</b>	<b>21,328</b>	<b>18,881</b>	<b>5,000</b>

See accompanying independent auditor's report.

Revenue						
Special Law Enforcement	County Attorney Forfeiture	Sanitary Disposal	Local Option Sales Tax	Urban Renewal	Naturalist	Total
17,139	113,196	1,604,892	1,436,984	60,404	2,136	3,313,173
-	-	-	-	120,000	-	120,000
-	-	-	-	277	-	405
-	-	279	73,911	-	-	74,190
17,139	113,196	1,605,171	1,510,895	180,681	2,136	3,507,768
-	-	1,440	-	-	-	1,440
-	-	-	-	120,000	-	120,000
-	-	-	1,510,895	-	-	1,510,895
-	-	1,603,731	-	-	-	1,603,731
-	-	-	-	60,681	-	60,681
17,139	113,196	-	-	-	2,136	211,021
17,139	113,196	1,603,731	1,510,895	60,681	2,136	3,386,328
17,139	113,196	1,605,171	1,510,895	180,681	2,136	3,507,768

Poweshiek County

Combining Schedule of Revenues, Expenditures and  
Changes in Fund Balances  
Nonmajor Governmental Funds

Year ended June 30, 2019

				Special
	Resource Enhancement and Protection	County Recorder's Records Management	County Conservation Bequest	Conservation Easement
Revenues:				
Tax increment financing	\$ -	-	-	-
Local option sales tax	-	-	-	-
Intergovernmental	-	-	-	-
Charges for service	-	3,745	-	-
Use of money and property	581	473	377	-
Miscellaneous	9,851	-	-	-
Total revenues	10,432	4,218	377	-
Expenditures:				
Operating:				
County environment and education	-	-	-	-
Governmental services to residents	-	11,250	-	-
Capital projects	-	-	-	-
Total expenditures	-	11,250	-	-
Excess (deficiency) of revenues over (under) expenditures	10,432	(7,032)	377	-
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Change in fund balances	10,432	(7,032)	377	-
Fund balances beginning of year	22,909	28,360	18,504	5,000
Fund balances end of year	\$ 33,341	21,328	18,881	5,000

See accompanying independent auditor's report.

Revenue							
Special Law Enforcement	County Attorney Forfeiture	Sanitary Disposal	Local Option Sales Tax	Urban Renewal	Naturalist	Capital Projects	Total
-	-	-	-	142,951	-	-	142,951
-	-	-	975,685	-	-	-	975,685
-	-	27,808	-	4,721	-	-	32,529
-	-	-	-	-	-	-	3,745
-	-	-	-	2,050	-	-	3,481
-	-	-	-	-	1,000	-	10,851
-	-	27,808	975,685	149,722	1,000	-	1,169,242
-	-	9,483	-	-	9,414	-	18,897
-	-	-	-	-	-	-	11,250
-	-	-	-	-	-	240,522	240,522
-	-	9,483	-	-	9,414	240,522	270,669
-	-	18,325	975,685	149,722	(8,414)	(240,522)	898,573
-	-	20,000	-	-	-	229,537	249,537
-	-	-	(777,730)	(119,985)	-	-	(897,715)
-	-	20,000	(777,730)	(119,985)	-	229,537	(648,178)
-	-	38,325	197,955	29,737	(8,414)	(10,985)	250,395
17,139	113,196	1,565,406	1,312,940	30,944	10,550	10,985	3,135,933
17,139	113,196	1,603,731	1,510,895	60,681	2,136	-	3,386,328

Poweshiek County  
Combining Schedule of Fiduciary Assets and Liabilities  
Agency Funds

June 30, 2019

	County Offices	Holiday Lake RIZ	Agricultural Extension Education	County Assessor	Schools
<b>Assets</b>					
Cash, cash equivalents and pooled investments:					
County Treasurer	\$ -	1,083	865	387,298	60,521
Other County officials	52,825	-	-	-	-
Receivables:					
Property tax:					
Delinquent	-	-	47	103	3,187
Succeeding year	-	286,000	226,000	554,000	16,092,000
Accounts	-	-	-	-	-
Special assessments	-	-	-	-	-
Accrued interest	-	-	-	-	-
Due from other governments	-	-	-	-	-
Total assets	<u>\$ 52,825</u>	<u>287,083</u>	<u>226,912</u>	<u>941,401</u>	<u>16,155,708</u>
<b>Liabilities</b>					
Liabilities:					
Accounts payable	\$ -	-	-	14,355	-
Salaries and benefits payable	-	-	-	3,922	-
Due to other governments	29,233	287,083	226,912	910,534	16,155,708
Trusts payable	23,592	-	-	-	-
Compensated absences	-	-	-	12,590	-
Total liabilities	<u>\$ 52,825</u>	<u>287,083</u>	<u>226,912</u>	<u>941,401</u>	<u>16,155,708</u>

See accompanying independent auditor's report.

Community Colleges	Corporations	Townships	Auto License and Use Tax	911 Service	Other	Total
4,170	43,017	173	518,979	337,957	210,687	1,564,750
-	-	-	-	-	-	52,825
225	3,291	-	-	-	3,195	10,048
990,000	8,049,000	65,000	-	-	307,000	26,569,000
-	-	-	-	17,792	357	18,149
-	-	-	-	-	36,881	36,881
-	-	-	-	580	1	581
-	-	-	-	70,451	-	70,451
994,395	8,095,308	65,173	518,979	426,780	558,121	28,322,685
-	-	-	-	6,244	1,587	22,186
-	-	-	-	-	1,068	4,990
994,395	8,095,308	65,173	518,979	420,536	527,962	28,231,823
-	-	-	-	-	24,125	47,717
-	-	-	-	-	3,379	15,969
994,395	8,095,308	65,173	518,979	426,780	558,121	28,322,685

Poweshiek County

Combining Schedule of Changes in Fiduciary Assets and Liabilities  
Agency Funds

Year ended June 30, 2019

	County Offices	Holiday Lake RIZ	Agricultural Extension Education	County Assessor	Schools
<b>Assets and Liabilities</b>					
Balances beginning of year	\$ 55,294	286,336	224,162	839,836	15,709,605
Additions:					
Property and other county tax	-	278,380	226,701	548,098	16,149,937
911 surcharge	-	-	-	-	-
State tax credits	-	4,634	17,391	37,789	1,228,737
Office fees and collections	470,841	-	-	-	-
Auto licenses, use tax and postage	-	-	-	-	-
Assessments	-	-	-	-	-
Trusts	187,519	-	-	-	-
Miscellaneous	-	-	-	260	-
Total additions	658,360	283,014	244,092	586,147	17,378,674
Deductions:					
Agency remittances:					
To other funds	177,559	-	-	-	-
To other governments	282,067	282,267	241,342	484,582	16,932,571
Trusts paid out	201,203	-	-	-	-
	660,829	282,267	241,342	484,582	16,932,571
Balances end of year	\$ 52,825	287,083	226,912	941,401	16,155,708

See accompanying independent auditor's report.

Community Colleges	Corporations	Townships	Auto License and Use Tax	911 Service	Other	Total
1,080,495	7,689,669	66,299	533,563	350,273	548,951	27,384,483
994,363	7,915,781	66,959	-	-	310,823	26,491,042
-	-	-	-	205,431	-	205,431
84,296	993,866	3,400	-	-	14,351	2,384,464
-	-	-	-	-	-	470,841
-	-	-	7,016,551	-	-	7,016,551
-	-	-	-	-	35,888	35,888
-	-	-	-	-	186,634	374,153
-	-	-	-	90,259	106,219	196,738
1,078,659	8,909,647	70,359	7,016,551	295,690	653,915	37,175,108
-	-	-	262,894	-	-	440,453
1,164,759	8,504,008	71,485	6,768,241	219,183	393,418	35,343,923
-	-	-	-	-	251,327	452,530
1,164,759	8,504,008	71,485	7,031,135	219,183	644,745	36,236,906
994,395	8,095,308	65,173	518,979	426,780	558,121	28,322,685



Poweshiek County

Schedule of Revenues By Source and Expenditures By Function -  
All Governmental Funds

For the Last Ten Years

	2019	2018	2017	2016
Revenues:				
Property and other county tax	\$ 7,298,439	7,322,569	7,160,995	6,935,410
Tax increment financing	142,951	122,489	143,967	129,640
Local option sales tax	975,685	859,121	885,507	823,298
Penalty and interest on property tax	46,097	46,945	47,869	50,834
Intergovernmental	5,391,590	4,843,177	5,043,984	4,850,079
Licenses and permits	105,625	167,613	68,139	59,816
Charges for service	654,254	621,357	617,775	582,872
Use of money and property	390,913	234,638	266,059	116,529
Fines, forfeitures and defaults	-	-	-	-
Miscellaneous	267,404	433,091	321,683	141,519
Total	\$ 15,272,958	14,651,000	14,555,978	13,689,997
Expenditures:				
Operating:				
Public safety and legal services	\$ 3,175,246	3,094,293	2,986,068	2,990,207
Physical health and social services	279,656	325,026	287,841	282,499
Mental health	458,260	417,020	428,180	337,001
County environment and education	612,064	610,792	608,902	517,242
Roads and transportation	6,850,344	5,382,525	6,128,455	5,261,739
Governmental services to residents	653,427	655,514	614,973	652,598
Administration	1,180,365	1,263,348	1,258,694	1,343,275
Non-program	407,006	284,926	95,852	103,994
Debt service	748,108	745,108	841,832	843,368
Capital projects	466,212	775,670	445,954	551,825
Total	\$ 14,830,688	13,554,222	13,696,751	12,883,748

See accompanying independent auditor's report.

2015	2014	2013	2012	2011	2010
6,892,299	6,986,195	6,585,265	6,576,530	6,347,814	6,282,585
126,695	144,924	-	-	-	-
928,085	807,091	785,610	834,594	761,864	755,322
47,241	48,720	51,443	50,255	52,609	57,061
4,664,378	4,588,245	3,944,072	5,178,661	4,581,922	5,011,819
76,811	121,538	57,490	65,935	52,445	46,620
510,079	514,703	550,596	555,409	529,839	467,767
106,394	171,910	152,092	129,898	109,600	151,385
-	-	-	-	14,444	4,316
207,046	213,085	234,567	219,351	119,891	169,565
13,559,028	13,596,411	12,361,135	13,610,633	12,570,428	12,946,440
2,838,158	2,792,814	2,734,316	2,758,405	2,473,294	2,414,629
326,373	391,098	283,905	309,654	445,992	312,200
1,186,377	604,358	892,271	2,681,005	1,382,606	1,509,920
497,603	538,801	463,706	504,349	1,056,252	849,287
5,042,502	4,696,708	5,428,293	4,891,508	4,616,467	4,014,935
679,317	628,471	674,934	688,105	669,096	655,085
1,222,300	1,161,822	1,066,481	1,114,457	1,018,516	1,083,437
138,849	274,769	235,808	245,247	163,589	304,698
847,052	847,650	739,998	637,777	607,563	603,920
628,342	1,266,712	167,526	149,099	308,256	4,376,337
13,406,873	13,203,203	12,687,238	13,979,606	12,741,631	16,124,448



## OFFICE OF AUDITOR OF STATE STATE OF IOWA

Rob Sand  
Auditor of State

State Capitol Building  
Des Moines, Iowa 50319-0006

Telephone (515) 281-5834 Facsimile (515) 281-6518

Independent Auditor's Report on Internal Control  
over Financial Reporting and on Compliance and Other Matters  
Based on an Audit of Financial Statements Performed in Accordance with  
Government Auditing Standards

To the Officials of Poweshiek County:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Poweshiek County, Iowa, as of and for the year ended June 30, 2019, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated April 9, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Poweshiek County's internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Poweshiek County's internal control. Accordingly, we do not express an opinion on the effectiveness of Poweshiek County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings, we identified a deficiency in internal control we consider to be a material weakness and a deficiency we consider to be a significant deficiency.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the County's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings as item (A) to be a material weakness.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying Schedule of Findings and as item (B) to be a significant deficiency.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Poweshiek County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted an immaterial instance of non-compliance or other matters which is described in the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2019 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

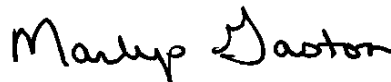
### Poweshiek County's Responses to the Findings

Poweshiek County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. Poweshiek County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Poweshiek County during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.



Marlys K. Gaston, CPA  
Deputy Auditor of State

April 9, 2020

Poweshiek County

Schedule of Findings

Year ended June 30, 2019

**INTERNAL CONTROL DEFICIENCIES:**

(A) Segregation of Duties – Sheriff's Office

Criteria – Management is responsible for establishing and maintaining internal control. A good system of internal control provides for adequate segregation of duties so no one individual handles a transaction from its inception to completion. In order to maintain proper internal control, duties should be segregated so the authorization, custody and recording of transactions are not under the control of the same employee. This segregation of duties helps prevent losses from employee error or dishonesty and maximizes the accuracy of the County's financial statements.

Condition – One individual in the County Sheriff's office is responsible for opening and listing mail receipts, collecting, depositing, posting and daily reconciling of receipts with no compensation controls.

Cause – The County Sheriff's office has a limited number of employees and procedures have not been designed to adequately segregate duties or provide compensating controls through additional oversight of transactions and processes.

Effect – Inadequate segregation of duties could adversely affect the County Sheriff's office ability to prevent or detect and correct misstatements, errors or misappropriation on a timely basis by employees in the normal course of performing their assigned functions.

Recommendation – The County Sheriff should review the control activities of the office to obtain the maximum internal control possible under the circumstances.

Response – We are doing what we discussed with the State Auditor in my office.

Conclusion – Response accepted.

(B) County Sheriff Bank Reconciliations

Criteria – An effective internal control system provides for internal controls related to ensuring proper accounting for all funds by maintaining appropriate accounting records and reconciling bank and book balances.

Condition – The County Sheriff's office maintains bank accounts for commissary and K9 activity. Although the bank statements are reviewed by an independent person, bank reconciliations are not documented. Bank reconciliations would include the bank statement balance at month end plus or minus reconciling items such as outstanding checks and deposits in transit to equal the general ledger balance.

Poweshiek County

Schedule of Findings

Year ended June 30, 2019

Cause – Procedures have not been designed and implemented to ensure all accounts are reconciled and the amounts recorded in the books and bank accounts are complete and accurate.

Effect – Lack of bank to book reconciliations can result in unrecorded transactions, undetected errors and opportunity for misappropriation.

Recommendation – To improve financial accountability and control, monthly bank reconciliations should be prepared. Any differences should be investigated and resolved in a timely manner.

Response – We are doing bank reconciliations and any differences will be investigated.

Conclusion – Response accepted.

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

Poweshiek County  
Schedule of Findings  
Year ended June 30, 2019

**Findings Related to Required Statutory Reporting:**

- (1) Certified Budget – Disbursements for the year ended June 30, 2019 did not exceed the amounts budgeted.
- (2) Questionable Expenditures – No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.
- (3) Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.
- (4) Business Transactions – No business transactions between the County and County officials or employees were noted.
- (5) Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure the coverage is adequate for current operations.
- (6) Board Minutes – No transactions were found which we believe should have been approved in the Board minutes but were not.
- (7) Deposits and Investments – No instances of non-compliance with the deposit and investments provisions of Chapters 12B and 12C of the Code of Iowa and the County's investment policy were noted.
- (8) Resource Enhancement and Protection Certification – The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).
- (9) Annual Urban Renewal Report – The Annual Urban Renewal Report was properly approved and certified to the Iowa Department of Management on or before December 1 and no exceptions were noted.
- (10) County Extension Office – The County Extension Office is operated under the authority of Chapter 176A of the Code of Iowa and serves as an agency of the State of Iowa. This fund is administered by an Extension Council separate and distinct from County operations and, consequently, is not included in Exhibits A or B.

Disbursements during the year ended June 30, 2019 for the County Extension Office did not exceed the amount budgeted.

Several 4-H Clubs maintain bank accounts separate from the County Extension Council's accounting records. While the 4-H Clubs are subject to oversight by Iowa State University and the County Extension Office, the transactions and resulting balances of the Clubs were not reflected in the Extensions Council's accounting system and have not been included in the annual budget, monthly financial reports or annual financial reports as required by the County Extension Office. At June 30, 2019, 5 of 15 Clubs had not been turned over to the County Extension Office.

Poweshiek County

Schedule of Findings

Year ended June 30, 2019

Recommendation – To strengthen internal control and increase operating efficiencies, the financial transactions of the 4-H Club separate accounts should be integrated with the County Extension's accounting records under the Extension Districts EIN. The financial activity should be included in the County Extension's accounting records, monthly financial reports and the annual financial reports.

Response – All Poweshiek County Extension 4-H Project and Community Clubs have been integrated with our accounting except for one club. The Poweshiek County Extension Staff and Council will continue to work with this particular club to get funds turned in during this fiscal year.

Conclusion – Response accepted.



Poweshiek County

Staff

This audit was performed by:

Marlys K. Gaston, CPA, Deputy  
Donna F. Kruger, CPA, Manager  
Taylor I. Cook, Senior Auditor  
Kile J. Bean, Staff Auditor  
Crystal D. Jimenez-Boender, Staff Auditor  
Jason J. Miller, Staff Auditor  
Nick J. Rustin, Staff Auditor  
Craig S. Miller, Assistant Auditor